

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ORCHARD GRASS)	
UTILITIES, INC. FOR A RATE ADJUSTMENT)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING)	89-273
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On September 26, 1989, Orchard Grass Utilities, Inc. ("Orchard Grass") filed an application with the Commission seeking to increase its rates for sewer service pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates were designed to generate approximately \$9,697 annually in additional revenues, an increase of 24.9 percent over test-year revenues of \$38,880.

On October 9, 1989, Orchard Grass was notified by the Commission that, pursuant to 807 KAR 5:076, Section 4, Orchard Grass's notice to its customers was deficient and its application did not meet the minimum filing requirements set by regulation. Orchard Grass cured this deficiency by notifying its customers and met minimum filing requirements on October 25, 1989.

On November 17, 1989, the City of Orchard Grass Hills, Emma Lou and Jerome J. Hartlage, Suzanne Redmon, and William Schetler filed a motion for full intervention in this proceeding. On November 20, 1989, Laura Gregonis, Diana Vogelsberg, Charles Blanford, and Steve Price, all customers of Orchard Grass, also

filed a motion requesting full intervention. Those motions were granted by the Commission on December 5, 1989.

After several unsuccessful attempts by Commission Staff to schedule a field review of Orchard Grass's test-year financial records, the review was eventually conducted in January of 1990. Based upon this review, Commission Staff issued its report on March 27, 1990, recommending that Orchard Grass be authorized to increase its annual operating revenues by \$6,123.

After requesting and receiving an extension to file its response to the Staff Report, Orchard Grass filed its response on April 20, 1990, submitting additional information to document its expenses. Based upon the additional information submitted by Orchard Grass, Staff issued an Amendment to Staff Report on May 24, 1990, recommending a revised revenue increase of \$10,534. All parties were directed to provide written comments to the Amendment to Staff Report or to request a hearing by June 8, 1990. By letter received at the Commission on May 30, 1990, Orchard Grass notified the Commission that it accepted the findings of the original Staff Report as amended on May 24, 1990. The Intervenors, on June 8, 1990, filed a motion adopting and renewing their previous motion for a hearing and informal conference filed on December 19, 1989. The Intervenors' motion for an informal conference was granted and the conference was held on July 5, 1990. On July 19, 1990, the Intervenors filed a motion to withdraw their request for a hearing in this proceeding.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report of March 27, 1990, as amended on May 24, 1990, are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for service provided by Orchard Grass and will produce annual revenues of \$49,414. These rates will allow Orchard Grass sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

3. The rates proposed by Orchard Grass will produce revenue increases which are unreasonable and thus inconsistent with KRS 278.030.

IT IS THEREFORE ORDERED that:

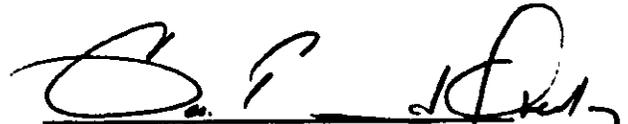
1. The rates proposed by Orchard Grass in its application are hereby denied.

2. The rates contained in Appendix A are approved for service rendered by Orchard Grass on and after the date of this Order.

3. Within 30 days of the date of this Order, Orchard Grass shall file with the Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 7th day of August, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-273 DATED 8/07/90

The following rates and charges are prescribed for sewer service to customers of Orchard Grass Utilities, Inc. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

<u>Customer Class</u>	<u>Rate</u>
Single Family Residential	\$12.71
Commercial	\$12.71 per residential equivalent*

*The number of residential equivalents and/or fractional parts thereof shall be determined by dividing the customers average monthly water consumption in gallons by 12,000 gallons. The minimum bill for this type of service shall be \$12.71.